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SUBJECT: DPRK ECONOMY - 2008 FOREIGN TRADE FIGURES

Ref: (A) 07 SEOUL 2286 (B) Seoul 4169

¶1. (U) This cable is sensitive but unclassified and not rpt not intended for internet distribution.

¶2. (SBU) SUMMARY: According to data compiled by the (South) Korea Trade and Investment Promotion Agency (KOTRA) and the ROK Ministry of Unification (MOU), DPRK foreign trade amounted to USD 5.64 billion in 2008, a 19 percent year-on-year increase, and reached the highest level since 1991. DPRK exports totaled USD 2.06 billion, up 23 percent from 2007. DPRK imports reached USD 3.58 billion, a 17 percent year-on-year increase. This growth is primarily the result of an increase in Chinese investment and an expansion of Sino-DPRK trade. In 2008, the DPRK became more economically dependent on China. Trade with China accounted for 49.5 percent of the DPRK's total trade, up from 42 percent in 2007. Inter-Korean trade, which grew by 1.2 percent, accounted for 32 percent of the DPRK's foreign trade in 2008, down from 39 percent in 2007. The DPRK's trade deficit rose to USD 1.5 billion in 2008, a record high. The DPRK's top ten trading partners in order by volume were: China, South Korea, Singapore, India, Russia, Brazil, Thailand, Germany, the United States, and the Netherlands. U.S food aid volume of USD 52 million moved the United States onto this list. End Summary.

¶3. (SBU) Explanatory Notes -- (South) Korea Trade and Investment Promotion Agency (KOTRA), a branch of the Ministry of Knowledge Economy (MKE), compiles DPRK tradedata using statistics from the DPRK's trading partners. Its figures do not include inter-Korean trade as the ROKG officially considers North-South trade as domestic transactions.

-- Inter-Korean trade figures compiled by the ROK Ministry of Unification (MOU) have been included in the 'trade by country' data below (paragraphs 5 and 6). Due to the MOU's different system of categorizing data, however, inter-Korean trade figures by product category are not included in the 'trade by product' section (paragraphs 20-24).

-- Unless otherwise noted, all percentage changes in this report are year-on-year.

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DPRK FOREIGN TRADE  
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¶4. (SBU) Despite international concerns over its nuclear weapons program, the global financial crisis, and unstable international grain markets, the DPRK continued to expand its foreign trade in 2008. The largest contributing factors include:

- An increase in the price of the DPRK's mineral fuel imports, which include crude oil and refined oil products, due to the rising price of crude oil;
- Increased exports of raw materials and finished goods to the ROK through the Kaesong Industrial Complex (KIC);
- An increase in the DPRK's textile imports as part of the government's attempt to revitalize the country's light industries;
- An increase in the DPRK's iron ore exports to China;
- Expanded trade with Singapore;
- Food aid shipments, particularly from the United States;
- An increase in the DPRK's import of Chinese machinery and electric equipment.

#### DPRK TRADE PER ANNUM

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(USD MILLION, PERCENT)

YR	DPRK EXPORTS		DPRK IMPORTS		TOTAL TRADE	
	VALUE	CHANGE	VALUE	CHANGE	TOTAL	CHANGE
91	951	(45.5)	1,745	32.7)	2,696	(38.0)
92	944	(0.7)	1,785	2.3	2,729	1.2
93	998	5.7	1,834	2.7	2,832	3.8
94	876	(12.2)	1,418	22.7)	2,294	(19.0)
95	800	(8.7)	1,539	8.5	2,339	2.0
96	797	(0.4)	1,432	(7.0)	2,229	(4.7)
97	1,020	28.0	1,465	2.3	2,485	11.5
98	689	(32.5)	975	(33.4)	1,664	(33.0)
99	727	5.5	1,087	11.5	1,814	9.0
00	839	15.4	1,559	43.4	2,398	32.2
01	877	4.5	1,796	15.2	2,673	11.5
02	1,106	26.1	1,796	0.0	2,902	8.6
03	1,212	9.6	1,903	6.0	3,115	7.3
04	1,278	5.0	2,276	19.6	3,554	14.0
05	1,338	5.0	2,719	19.5	4,057	14.0
06	1,466	10.0	2,879	5.9	4,345	7.0
07	1,684	14.9	3,055	6.1	4,739	9.0
08	2,062	22.5	3,574	17.0	5,636	18.9

(SOURCE: KOTRA AND MOU DATA)

Note: Figures in parentheses indicate negative growth.

#### ----- DPRK TRADE BY COUNTRY

15. (SBU) In 2008, the DPRK's top ten trading partners were: China, South Korea, Singapore, India, Russia, Brazil, Thailand, Germany, the United States, and the Netherlands. China accounted for nearly half of the DPRK's foreign trade, deepening the DPRK's dependence on China. While inter-Korean trade grew in absolute terms, the ROK's share of DPRK foreign trade dropped from 38 percent in 2007 to 32 percent in 2008. This decline in the importance of North-South trade follows the chilling of inter-Korean relations that has taken place since ROK President Lee Myung-bak's inauguration in February of 2008. The DPRK's trade deficit with China expanded from USD 811 million in 2007 to USD 1.3 billion, strengthening Chinese influence over the country. U.S. food aid shipments (143,000 metric tons (mt) of wheat, corn, and beans) resulted in the United States becoming the DPRK's ninth largest trading partner. DPRK exports to Japan, which had been declining since 2006, fell to zero as a result of Japan's implementation of economic sanctions in 2007. The ten aforementioned nations accounted for 93.4 percent of the DPRK's foreign trade, slightly down from 95 percent in 2007. The DPRK's trade with China and the ROK accounted for nearly 82 percent of its total trade.

16. (SBU) The following is a breakdown of trade between the DPRK and its top ten trading partners:

#### ----- DPRK'S TOP TEN TRADING PARTNERS IN 2008

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(USD MILLION, PERCENT)

DPRK	EXPORTS	IMPORTS	TOTAL	SHARE	BALANCE
1. CHINA	754	2,033	2,787.0	49.5	(1,279.0)
2. S. KOREA	932	888	1,820.0	32.0	44.0
3. SINGAPORE	0.3	120	120.3	2.1	(120.0)
4. INDIA	67	53	120.0	2.1	13.8
5. RUSSIA	13.5	97	110.5	2.0	(83.5)
6. BRAZIL	38	43	81	1.4	(4.2)
7. THAILAND	29	48	77	1.4	(18.8)
8. GERMANY	20.9	31.5	52.4	0.9	(10.6)
9. USA	0	52.2	52.2	0.9	(52.2)
10. NETHERLANDS	26	16.8	42.8	0.8	(9.2)
SUB-TOTAL	1,881.4	3,382	5,264	93.4	(1,501)
TOTAL FOREIGN TRADE	2,062	3,574	5,636	100.0	(1,512)

(SOURCE: KOTRA AND MOU)

#### CHINA

17. (SBU) The DPRK grew economically more dependent on China as the country slipped deeper into international isolation, a result of sanctions imposed on it by the United Nations Security Council in light of its continued development of nuclear weapons. Sino-DPRK trade grew by 41 percent to USD 2.8 billion, a record high. DPRK exports to China rose by 30 percent to USD 754 million, while its imports from China grew by 46 percent to USD 2.03 billion, marking the highest rate of growth in the last ten years. The DPRK's increasing dependence on Chinese crude oil and textiles resulted in the DPRK's trade deficit with China rising to USD 1.3 billion. According to the KOTRA, the primary causes of this trend are as follows:

- The impact of economic sanctions imposed by the international community in light of its continued nuclear weapons program, the DPRK must now import more goods from China;
- China is geographically adjacent to the DPRK; and
- Chinese goods are relatively inexpensive.

18. (SBU) Major DPRK exports to China included: iron ore, mineral fuels (mainly coal), steel, apparel, fishery products, and aluminum. DPRK iron ore exports rose by 116 percent to USD 172 million, but wood and zinc exports dropped by 68 percent and 56 percent, respectively. While the volume of the DPRK's coal exports to China declined by 32.2 percent (totaling 2.5 million mt), the value of DPRK coal exports to China were up by 24 percent, amounting to USD 201 million in 2008, up from USD 163 million in 2007. Major DPRK imports from China included: crude oil and refined oil products, machinery, electrical equipment, textiles, plastics, and apparel. The DPRK's import of Chinese grain, however, dropped from 136,000 mt in 2007 to 119,000 mt in 2008, a 12.5 percent decline. The DPRK's import of Chinese rice fell from 80,741 mt in 2007 to 20,079 mt in 2008, a 75 percent decline. The DPRK's import of Chinese corn jumped to 97,606 mt in 2008, an 82 percent increase over the 53,699 mt imported in 2007. The DPRK's import of Chinese fertilizer fell from 60,460 mt in 2007 to 31,633 mt in 2008, a 48 percent decline. Despite this decline in volume, rising fertilizer prices drove the value of the DPRK's Chinese fertilizer imports up by 37.5 percent.

#### DPRK GRAIN IMPORTS FROM CHINA

(Unit: USD 1,000, METRIC TON, GROWTH IN PERCENT)

	VALUE			VOLUME		
	2007	2008	Growth	2007	2008	Growth
Barley	8	160	1,900	28	390	1,293
Corn	10,178	27,637	17	53,688	97,606	82
Rice	25,764	6,721	(74)	80,741	20,079	(75)
Millet	1	30	2,90	4	67	1,575
Others	560	327	(42)	1,547	800	(48)

TOTAL	36,511	34,875	(4.5)	136,008	118,942	(12.5)
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#### DPRK MINERAL FUEL IMPORTS FROM CHINA

(Unit: USD 1,000, METRIC TON, PERCENT)

ITEM	VALUE			VOLUME		
	2007	2008	Growth	2007	2008	Growth
Crude Oil	281,979	414,310	46.9	523,160	528,577	1.0
Coal	19,994	44,437	122.3	528,577	231,804	2.0
Refined Oil Products	95,407	120,073	25.9	147,679	117,743	(20.3)
TOTAL	397,380	578,820	45.7	1,199,416	878,124	(26.8)

Note: Figures in parentheses indicate negative growth.

#### SOUTH KOREA

19. (SBU) Inter-Korean trade grew by 27.8 percent in 2006, 33.2 percent in 2007, and 1.2 percent in 2008, reaching USD 1.82 billion by the end of last year. DPRK exports to the ROK grew to USD 932 million in 2008, a 22 percent year-on-year rise, while DPRK imports from the ROK fell to USD 888 million, a 14 percent year-on-year decline. The ROK's Ministry of Unification attributes the modest growth in overall trade to the appreciation of the U.S. dollar, implicitly highlighting the DPRK's hard currency shortage. Despite recording trade deficits with most of its major trading partners, the DPRK managed to achieve a USD 44 million trade surplus with the ROK in 2008.

10. (SBU) In 2008, commercial transactions between the two Koreas increased by 20 percent to USD 1.7 billion, while non-commercial transactions, which consisted primarily of shipments of ROK humanitarian aid to the DPRK, fell precipitously. In the past, the ROK has sent around 300,000 mt of fertilizer and 400,000-500,000 mt of rice annually to the DPRK; however, due to a chilling of inter-Korean relations, no such shipments were sent in 2008. Due to the double counting of outbound and inbound shipments of materials used in processing-on-commission (POC) and to the double counting of unfinished goods produced in the Kaesong Industrial Complex (KIC), inter-Korean trade data may not be accurate. Major DPRK exports to the ROK included: textiles and garments produced in the KIC, agricultural and fishery products, minerals, and electric machinery parts manufactured by ROK firms in the DPRK. Major DPRK imports from the ROK included: raw materials used to manufacture textiles in the KIC, machinery, steel and metal products. The following is a breakdown of inter-Korean trade goods by category:

#### DPRK EXPORTS TO THE ROK

(Unit: USD 1,000, GROWTH IN PERCENT)

ITEM	2007	2008	GROWTH
Textiles	190,541	324,831	70.5
Agricultural/Fishery	184,189	207,914	12.9
Minerals	120,796	99,787	(17.4)
Electric/Electronic	38,335	94,687	147.0
Steel/Metal	165,938	88,192	(46.4)
Machinery	35,887	59,108	64.7
Household Goods	18,912	38,991	106.2
Plastics/Rubber	4,764	10,961	130.1
Chemicals	4,589	6,418	39.9
Miscellaneous	1,395	640	(54.1)
TOTAL	765,346	932,250	21.8

#### DPRK IMPORTS FROM THE ROK

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(Unit: USD 1,000, GROWTH IN PERCENT)

ITEM	2007	2008	GROWTH
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Textiles	214,149	210,035	23.6
Machinery	136,290	157,385	15.5
Steel/Metal	97,123	139,007	43.1
Electric/Electronic	103,012	121,719	18.2
Agricultural/Fishery	137,382	78,239	(43.1)
Chemicals	203,000	68,874	(66.1)
Minerals	79,443	45,528	(42.7)
Household Goods	32,688	35,687	9.2
Plastics/Rubber	21,800	29,996	37.6
Miscellaneous	7,662	1,647	(78.5)
TOTAL	1,032,550	888,117	(14.0)

(SOURCE: MOU)

Note: Figures in parentheses indicate negative growth.

#### SINGAPORE

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¶11. (SBU) The DPRK's trade with Singapore rose by 116.2 percent to USD 120.3 million in 2008, making Singapore the DPRK's third largest trading partner; however, trade with Singapore accounted for only 2.1 percent of total DPRK trade. This marked increase in DPRK-Singapore trade was mainly due the DPRK's increased importation of Singaporean goods. DPRK exports to Singapore dropped by 68 percent to USD 0.3 million, while DPRK imports of Singaporean goods rose 120 percent to USD 120 million. Major DPRK exports to Singapore included shell fish products, seeds, and electric machinery. Major DPRK imports from Singapore included minerals, tobacco, paper, and nonwoven fabrics. DPRK imports of Singaporean refined petroleum products increased eleven fold in 2008, going from USD 365,000 to USD 41.6 million. KOTRA analyses suggests that this dramatic increase is due to the fact that third countries were able to export refined petroleum products to the DPRK via Singapore and that these third country transactions were included in Singapore's total exports to the DPRK. DPRK imports of Singaporean tobacco increased to USD 25 million, a 45.4 percent rise.

#### INDIA

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¶12. (SBU) The DPRK's trade with India fell by 4.9 percent to USD 120.2 million. DPRK exports to India dropped by 26 percent to USD 67 million, while DPRK imports of Indian goods rose by 49 percent to USD 53.3 million. Major DPRK exports to India included steel, machinery, and precious metals. Exports of DPRK plastics, which had previously been the DPRK's top export, fell from USD 13 million in 2007 to USD 3.5 million in 2008, a 73 percent year-on-year decline. Major DPRK imports from India included organic chemicals, sugar, and zinc.

#### RUSSIA

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¶13. (SBU) The DPRK's trade with Russia fell 31 percent to USD 110.5 million in 2008, the third consecutive year of decline. DPRK exports to Russia plummeted by 60 percent to USD 13.5 million. Major DPRK exports to Russia included electric equipment, machinery, and glass. There was a notable increase in the DPRK's export of steel to Russia, which grew by 677 percent to USD 0.7 million. Russian exports to the DPRK declined by 23 percent to USD 97 million. Major DPRK imports from Russia included: minerals, pulp, used paper, and machinery. Due to the DPRK's shortage of hard currency and rising oil prices, DPRK imports of refined Russian oil products fell from USD 70.2 million in 2007 to USD 26.4 million in 2008, a 62.4 percent decline.

#### BRAZIL

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¶14. (SBU) Trade between the DPRK and Brazil rose by 19.8 percent to USD 81 million. DPRK exports to Brazil rose by 12.7 percent to USD 38.3 million and consisted mostly of rubber, optical goods, medical devices, and inorganic chemicals. DPRK imports from Brazil rose by

27 percent to USD 42.5 million and consisted mostly of tobacco, mineral ore, seeds, fruits, organic chemicals, and wooden products. DPRK imports of Brazilian coffee increased by 1,893 percent to USD 2.5 million.

#### THAILAND

¶15. (SBU) The DPRK's trade with Thailand fell by 66.4 percent to USD 76.8 million. DPRK exports to Thailand fell by 20 percent to USD 29 million, DPRK imports from Thailand fell by 75 percent to USD 47.8 million. DPRK grain imports from Thailand totaled 14,000 mt in 2008, down from 250,000 mt of rice in 2007. It should be noted that in 2007 50 percent of ROKG rice assistance to the DPRK was sourced in Thailand.

#### GERMANY

¶16. (SBU) In 2008, the DPRK's trade with Germany grew by 2.1 percent, amounting to USD 52.4 million. DPRK exports to Germany rose by 44.4 percent to USD 20.9 million. DPRK imports from Germany fell by 14 percent to USD 31.5 million.

#### UNITED STATES

¶17. (SBU) The DPRK's overall trade with the United States skyrocketed to USD 51.2 million, a 2,918 percent increase. This significant rise in bilateral trade can be primarily attributed to USG food aid shipments to the DPRK as part of the humanitarian aid protocol that both countries agreed to in May of 2008. The United States shipped USD 52.2 million worth of wheat, corn, and beans to the DPRK in 2008(143,330 mt).

#### THE NETHERLANDS

¶18. (SBU) The DPRK's trade with the Netherlands grew by 53.4 percent to USD 42.8 million. DPRK exports to the Netherlands rose by 115 percent to USD 26 million, while DPRK imports from the Netherlands rose by 6 percent to USD 16.8 million.

#### DPRK TRADE BY COUNTRY AND REGION

¶19. (SBU) The following is a breakdown of DPRK trade in 2008 by country and region:

(USD 1,000, CHANGE IN PERCENT)

	DPRK EXPORTS	DPRK IMPORTS	TOTAL	CHANGE
ASIA & OCEANIA	1,871,633	3,208,364	5,079,997	18.9
CHINA	754,046	2,033,233	2,787,279	41.2
¶S. KOREA	932,250	888,117	1,820,367	1.2
SINGAPORE	331	120,024	120,355	116.2
INDIA	67,020	53,180	120,200	(4.9)
THAILAND	28,998	47,772	76,770	(66.4)
HONG KONG	31,710	8,604	40,314	129.1
TAIWAN	13,214	15,578	28,792	15.5
BANGLADESH	12,952	8,855	21,807	N/A
MALAYSIA	1,657	17,543	19,200	113.5
INDONESIA	7,950	6,957	14,907	380.0
PAKISTAN	13,467	253	13,720	(13.1)
JAPAN	-0-	7,664	7,664	(17.7)
AUSTRALIA	6,342	-0-	6,342	(14.6)
NEPAL	1,361	418	1,779	N/A
SRI LANKA	116	99	215	(51.0)
FIJI	181	29	210	N/A
MONGOLIA	38	22	60	N/A
LAOS	-0-	-0-	16	N/A
EUROPE & CIS	94,328	192,988	287,316	(8.0)



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RUSSIA	13,519	97,005	110,524	(30.8)
GERMANY	20,893	31,460	52,353	2.1
NETHERLANDS	25,975	16,775	42,750	53.4
ITALY	3,669	8,777	12,446	22.3
UKRAINE	8,325	2,153	10,478	40.5
BELGIUM	4,425	5,107	9,532	170.0
FRANCE	1,144	6,733	7,877	68.3
UK	6,021	379	6,400	(57.7)
DENMARK	340	5,010	5,350	(29.1)
POLAND	253	4,725	4,978	256.1
SWITZERLAND	190	3,892	4,082	25.8
SPAIN	1,704	1,966	3,670	(30.1)
TURKEY	3,341	280	3,621	14,384.0
AUSTRIA	215	2,886	3,101	(35.5)
SLOVAKIA	400	1,824	2,224	2,865.3
CZECH REPUBLIC	347	1,319	1,666	1,065.0
GREECE	1,012	176	1,188	33.9
SWEDEN	42	788	830	(37.2)
SLOVENIA	300	494	794	(7.5)
CROATIA	658	29	687	43.4
KAZAKHSTAN	647	0	647	(59.1)
ROMANIA	166	411	577	(18.2)
BULGARIA	345	114	459	33.4
HUNGARY	117	314	431	(84.9)
FINLAND	42	364	406	45.0
LUXEMBOURG	123	0	123	6.0
LITHUANIA	71	0	71	(30.4)
CYPRUS	34	0	34	(78.2)
MALTA	2	7	9	NA
ESTONIA	4	0	4	100.0
IRELAND	4	0	4	(95.2)

NORTH, SOUTH  
AMERICA 83,969 153,112 237,081 110.2

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BRAZIL	38,329	42,527	80,856	19.8
USA	-0-	52,151	52,151	2,918.0
CANADA	103	21,212	21,315	12.6
COLOMBIA	15,510	817	16,327	N/A
ARGENTINA	8,501	7,360	15,861	N/A
COSTARICA	7,348	4,870	12,218	N/A
MEXICO	7,233	3,061	10,294	(33.1)
GUATEMALA	120	9,626	9,746	N/A
CUBA	3,000	3,000	6,000	-0-
CHILE	281	7,676	7,957	N/A
PERU	2,680	330	3,010	(7.3)

DOMINICA 864 482 1,346 N/A

ME /AFRICA 12,533 19,131 31,664 (9.3)

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SOUTH AFRICA	3,449	19,029	22,478	76.7
LEBANON	7,612	-0-	7,612	N/A
NIGERIA	1,440	-0-	1,440	N/A
TANZANIA	32	102	134	318.8

GRAND  
TOTAL 2,062,463 3,573,595 5,636,058 18.9

NOTE: The above list is incomplete and, due to insufficient data, does not include all of the DPRK's trading partners. "NA" indicates that there were no recorded transactions in 2007.

#### ----- DPRK TRADE: EXPORTS AND IMPORTS -----

##### Exports -----

120. (SBU) DPRK exports totaled USD 1.1 billion in 2008, a 23 percent year-on-year increase. This figure does not include inter-Korean trade. Except for chemicals, plastics, and wooden products, most DPRK exports experienced positive growth in 2008. The growth of DPRK exports can be primarily attributed to the high international price of raw materials, improved DPRK production facilities,

improved supply of electricity, and favorable weather conditions.

¶21. (SBU) Mineral products (iron ore and coal) were the DPRK's most important exports, accounting for 41.3 percent of total DPRK exports. Since 2003, the DPRK has focused on exporting manufactured goods and has attempted to reinvigorate its light-industrial sector, but has failed to restructure its export sector or significantly boost its light industrial production. DPRK exports of mineral products and non-ferrous metals totaled 58.1 percent of all DPRK exports in 2008. Almost all (94.2 percent) of the DPRK's mineral products were exported to China in 2008. Other major DPRK exports included textiles, chemicals, and plastics. DPRK exports of precious metals skyrocketed to USD 35 million, a 1,499 percent year-on-year rise.

¶22. (SBU) The following is a breakdown of DPRK exports in 2008 by product category. The following data does not include inter-Korean trade.

#### DPRK EXPORTS BY PRODUCT CATEGORY

(USD 1,000, GROWTH IN PERCENT)

DPRK EXPORTS	2007		2008		GROWTH
	VALUE	SHARE	VALUE	SHARE	
MINERALS	349,581	38.0	466,544	41.3	33.5
NON-FERROUS METALS	154,953	16.9	190,369	16.8	22.9
GARMENTS	109,312	11.9	120,248	10.6	10.0
MISCELLANEOUS	97,610	10.6	88,576	7.8	(9.3)
CHEMICALS/PLASTICS	87,081	9.5	85,499	7.6	(1.8)
MACHINERY/ELECTRIC/ ELECTRONICS	55,566	6.0	79,359	7.0	42.8
ANIMAL PRODUCTS	30,430	3.3	40,743	3.6	33.9
PRECIOUS METAL	2,191	0.2	35,023	3.1	1,498.5
FRUIT AND VEGETABLE PRODUCTS	11,498	1.3	15,877	1.4	38.1
WOOD PRODUCTS	20,549	2.2	7,975	0.7	(61.2)
SUB-TOTAL (EXCLUDING INTER- KOREAN TRADE)	918,771	100.0	1,130,213	100.0	23.0
TOTAL (INCLUDING INTER- KOREAN TRADE)	1,684,117		2,062,463		22.5

SOURCE: KOTRA AND MOU

#### Imports

¶23. (SBU) The DPRK's imports grew to USD 2.7 billion in 2008, a 32.8 percent year-on-year increase. This figure does not include inter-Korean trade. Major DPRK imports included: minerals (including crude oil and refined petroleum products), textiles, electric equipment, machinery, animal fats, and processed food. DPRK textile imports rose by 76.4 percent in 2008. DPRK textile imports came mostly from China, Netherlands, and Singapore. This significant rise in textile imports is primarily due to the modernization of DPRK garment factories and the rise of Processing-on-Commission trade between the DPRK and China.

¶24. (SBU) The following is a breakdown of major DPRK imports in 2008:

#### DPRK IMPORTS BY PRODUCT CATEGORY

(USD 1,000, PERCENT)

DPRK IMPORTS	2007		2008		GROWTH
	VALUE	SHARE	VALUE	SHARE	
MINERALS/FUEL	491,350	24.3	694,839	25.9	41.4
MISCELLANEOUS	174,163	8.6	322,638	12.0	85.3
TEXTILES	180,755	8.9	318,848	11.9	76.4
MACHINERY/ELECTRIC ELECTRONIC	242,414	12.0	309,246	11.5	27.6
ANIMAL FATS/ PROCESSED FOOD	148,033	7.3	236,613	8.8	59.8
CHEMICALS	144,997	7.2	202,484	7.5	39.6



NON-FERROUS METALS	138,796	6.9	176,729	6.6	27.3
FRUIT AND VEGETABLE PRODUCTS	195,887	9.7	155,733	5.8	(20.5)
PLASTICS	128,907	6.4	130,637	4.9	1.3
VEHICLES	102,101	5.0	92,698	3.5	(9.2)
ANIMAL PRODUCTS	74,903	3.7	46,013	1.7	(38.6)
SUB-TOTAL (EXCLUDING INTER-KOREAN TRADE)	2,022,306	100.0	2,686,478	100.0	32.8
TOTAL (INCLUDING INTER-KOREAN TRADE)	3,054,856		3,573,595		17.0

SOURCE: KOTRA

#### ----- DPRK'S CRUDE OIL IMPORTS -----

¶25. (SBU) DPRK imports of Chinese crude oil rose by 1 percent to 529,000 mt in 2008, up from 523,000 mt in 2007. Due to rising international oil prices, the value of the DPRK's oil imports rose by 47 percent to USD 414 million in 2008, up from USD 282 million in ¶2007.

#### DPRK CRUDE OIL IMPORTS BY COUNTRY

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(1,000 METRIC TONS)

YEAR	CHINA	THAILAND	LIBYA	YEMEN	IRAN	RUSSIA	SYRIA	TOTAL
2000	389	ND	ND	ND	ND	ND	ND	389
2001	579	ND	ND	ND	ND	ND	ND	579
2002	472	ND	ND	ND	ND	125	ND	597
2003	574	ND	ND	ND	ND	ND	ND	574
2004	532	81	ND	ND	ND	ND	ND	613
2005	523	0	0	0	0	0	0	523
2006	524	0	0	0	0	0	0	524
2007	523	0	0	0	0	0	0	523
2008	529	ND	ND	ND	ND	ND	ND	529

NOTE -- KOTRA does not provide full data for the DPRK's refined oil imports. DPRK imports of refined oil products from Russia fell by 62.4 percent to USD 26.4 million in 2008, down from 70.2 million in ¶2007.

-- "ND" indicates that, though trade may have taken place, data is insufficient.

#### ----- DPRK'S GRAIN IMPORTS -----

¶26. (SBU) The ROK's Rural Development Administration estimates that the DPRK produced 4.31 million mt of grain and staple foods in 2008, a 7.6 percent increase from 4.01 million mt in 2007. This increase can be attributed to drier weather conditions during the final months of the growing season, which in some years has been characterized by heavy rains. Despite this increase, the DPRK needed an additional 600,000 mt to feed its population. In the past, the ROKG sent an average of 400,000 - 500,000 mt of rice annually to the DPRK, but, due to a chilling of inter-Korean relations, no such shipments were made in 2008.

¶27. (SBU) Total DPRK grain imports -- including those imported as humanitarian aid -- fell by 25.6 percent in 2008 to 282,000 mt. This decline is due to the DPRK's shortage of hard currency, rising world grain prices, and the Chinese government's food security policy. (The Chinese government has implemented an export tariff on grain, introduced a grain export quota system, and employed a series of regulations meant to curb the exportation of Chinese grain.) The DPRK's main sources of grain imports in 2008 were China with 119,000 mt and Thailand with 14,000 mt.

#### DPRK GRAIN IMPORTS BY COUNTRY

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(1,000 METRIC TONS)

YEAR	CHINA	SYRIA	THAILAND	CANADA	JAPAN	EU	OTHERS	TOTAL
2000	283	ND	284	ND	106	40	512	1,225
2001	436	-0-	ND	ND	50	22	437	1,400
2002	219	ND	200	ND	ND	ND	586	1,005
2003	349	ND	95	51	ND	10	304	809
2004	90	ND	184	ND	ND	3	304	581
2005	327	ND	10	14	ND	15	404	860
2006	79	ND	2	ND	ND	ND	19	100
2007	136	ND	212	1	ND	ND	30	379
2008	119	ND	14	ND	20	ND	129	282

NOTE: "OTHERS" includes donations through the World Food Program and non-governmental organizations. "ND" indicates that, though trade may have taken place, data is insufficient.

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COMMENT  
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¶28. (SBU) KOTRA has been compiling DPRK trade statistics for many years, but has gradually cut back on the number of staff involved in the effort. KOTRA now has only two individuals, also members of the Chinese Business Corps, assigned to this task. KOTRA relies almost entirely on its overseas offices to supply it with mirror image bilateral DPRK trade statistics based on host country customs data. Thus, the figures are rough and not fully reflective of the current state of DPRK trade. Critics of the KOTRA data have particularly pointed to a lack of data on DPRK trade with Middle Eastern countries as a weak spot. Other gaps in the analysis are unreported Sino-DPRK border trade and the DPRK's illicit trading activities.

¶29. (SBU) Despite the uncertainties associated with DPRK trade and the imperfections of the KOTRA data, certain points are clear. Total DPRK foreign trade rose by 19 percent to USD 5.64 billion in 2008, in spite of the global financial crisis and instability in world grain markets. DPRK trade remained dependent on the production of primary goods and Sino-DPRK trade accounted for nearly 50 percent of the DPRK's total foreign trade in 2008, up from 42 percent in 2007. While a number of factors contribute to this growing dominance of China in DPRK trade, it is increasingly evident that China holds the key to economic leverage over the DPRK. The chilling of inter-Korean relations slowed the development of trade in 2008 and the ROK share of the DPRK's foreign trade fell from 38 percent in 2007 to 32.3 percent. Furthermore, inter-Korean trade through the first seven months of 2009 is lower in absolute terms than in 2008. Lastly, DPRK foreign trade faces tougher external conditions in 2009 because of both the global economic slowdown and the UNSC sanctions imposed against the DPRK following the country's second nuclear test in May.

TOKOLA